

**STATE OF MICHIGAN  
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

**Bulletin 2013-19-INS**

**In the matter of**

Excess Loss Insurance Written in Connection with Noninsured Benefit Plans

---

Issued and entered  
this 13 day of November 2013  
by Annette E. Flood  
Director

This bulletin supersedes Bulletin 00-03 and Bulletin 00-03 Memorandum.

The Insurance Code of 1956 authorizes property and casualty insurers and life and health insurers to offer excess loss insurance for a noninsured benefit plan. See MCL 500.5208; 500.407a. Excess loss insurance is considered to be casualty insurance. Accordingly, life and health insurers must either obtain authorization to write casualty insurance or, alternatively, provide administrative services in connection with the excess loss insurance. A life and health insurer providing administrative services in connection with an excess loss insurance program will not be required to obtain casualty authorization.

Section 5208 permits a life and health insurer to enter into a service contract with a noninsured benefit plan containing an administrative services only arrangement. Under this contract, the administrative services may be provided directly by the insurer or through a licensed TPA. Either arrangement is sufficient to absolve the life and health insurer from obtaining casualty authorization prior to issuing excess loss insurance under Section 5208. If a TPA provides the administrative services, the insurer is responsible for verifying that the TPA is licensed in accordance with Third Party Administrator Act, MCL 550.901 *et seq.*, at the time the contract is signed.

As casualty contracts, excess loss insurance written in connection with noninsured benefit plans are subject to the casualty rate and form requirements of Chapters 24 and 30 of the Insurance Code, MCL 500.2400, MCL 500.3004 *et seq.*; MSA 24.12400 *et seq.*, MSA 24.13004 *et seq.* These provisions apply regardless of whether the excess loss insurance is written by a property and casualty insurer or by a life and health insurer.

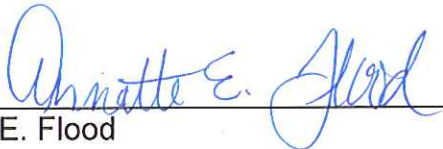
Excess loss rates should be submitted in compliance with Bulletin 2011-14-INS.

When written by a life and health insurer, with authorization pursuant to Section 5208, excess loss insurance is backed by the Michigan Life and Health Insurance Guaranty Association (MLHIGA). If written by a property and casualty insurer, only those premiums identified as disability coverage in its annual statement will be backed by the MLHIGA. Any premiums identified as casualty coverage written by a property and casualty insurer will be covered by the Michigan Property and Casualty Guaranty Association.

Any questions regarding this bulletin should be directed to:

Department of Insurance and Financial Services  
Office of Insurance Rates and Forms  
611 West Ottawa Street  
P.O. Box 30220  
Lansing, Michigan 48909-7720

Toll Free: (877) 999-6442

  
\_\_\_\_\_  
Annette E. Flood  
Director